



**PHILLIPS, SALMI + ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

**GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Galesburg Public Library Foundation  
Galesburg, Illinois

### **Opinion**

We have audited the accompanying financial statements of Galesburg Public Library Foundation (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2023, and the related statements of support, revenue, and expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galesburg Public Library Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Galesburg Public Library Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Galesburg Public Library Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Galesburg Public Library Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Galesburg Public Library Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Phillips, Salmi & Associates, LLC*

Washington, Illinois  
May 24, 2024

GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -  
MODIFIED CASH BASIS  
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 501,396
Investments:	
Money market accounts	82,700
Marketable securities	2,119,094
Beneficial interest in endowment fund	16,682
Donations receivable	1,060
Loan receivable	<u>1,000,000</u>
Total current assets	<u>3,720,932</u>

PROPERTY AND EQUIPMENT

Office equipment	1,508
Less: accumulated depreciation	<u>(101)</u>
Total property and equipment	<u>1,407</u>

\$ 3,722,339

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll taxes payable	\$ 2,069
Accounts payable and accrued expenses	<u>158</u>
Total liabilities	<u>2,227</u>

NET ASSETS

Without donor restrictions	2,686,152
With donor restrictions	<u>1,033,960</u>
Total net assets	<u>3,720,112</u>

\$ 3,722,339

The accompanying notes are an integral part of these financial statements.

GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES -  
MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support			
Contributions	\$ 737,747	\$ -	\$ 737,747
Investment return	137,445	127,402	264,847
Interest on note receivable	23,653	-	23,653
Other income	6,981	-	6,981
Satisfaction of purpose restriction	159,000	(159,000)	-
	<u>1,064,826</u>	<u>(31,598)</u>	<u>1,033,228</u>
<b>EXPENSES</b>			
Program services	780,138	-	780,138
Management and general	44,123	-	44,123
Fundraising	9,032	-	9,032
	<u>833,293</u>	<u>-</u>	<u>833,293</u>
CHANGE IN NET ASSETS	231,533	(31,598)	199,935
NET ASSETS - BEGINNING	<u>2,454,619</u>	<u>1,065,558</u>	<u>3,520,177</u>
NET ASSETS - ENDING	<u>\$ 2,686,152</u>	<u>\$ 1,033,960</u>	<u>\$ 3,720,112</u>

The accompanying notes are an integral part of these financial statements.

GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS  
STATEMENT OF FUNCTIONAL EXPENSES -  
MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	\$ -	\$ 21,481	\$ -	\$ 21,481
Payroll taxes	-	1,796	-	1,796
Professional fees	-	14,046	4,876	18,922
Interest rebate - library	-	5,677	-	5,677
Investment advisor fees	14,032	-	-	14,032
Dues	910	-	-	910
Interest expense	-	404	-	404
Office supplies	1,855	-	795	2,650
Payments to Library	750,007	-	-	750,007
Meals and entertainment	347	-	-	347
Travel	1,135	-	-	1,135
Advertising and marketing	6,152	-	859	7,011
Taxes and licenses	269	-	-	269
Professional development	-	719	-	719
Depreciation	101	-	-	101
Miscellaneous	5,330	-	2,502	7,832
Total expenses	<u>\$ 780,138</u>	<u>\$ 44,123</u>	<u>\$ 9,032</u>	<u>\$ 833,293</u>

The accompanying notes are an integral part of these financial statements.

GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 199,935
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	101
Changes in assets and liabilities	
(Increase) decrease in receivables	(1,060)
(Increase) decrease in payroll taxes payable	909
(Increase) decrease in accounts payable	(120)
Gain on investments	<u>(185,730)</u>
Net cash provided by operating activities	<u>14,035</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(1,508)
Proceeds from sale/maturities of investments	213,337
Purchase of investments	<u>(79,117)</u>
Net cash provided by investing activities	<u>132,712</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	146,747
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>437,349</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 584,096</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>	
Checking and savings accounts	\$ 501,396
Money market accounts reported as investments	<u>82,700</u>
Cash and cash equivalents	<u><u>\$ 584,096</u></u>
<b>SUPPLEMENTAL DATA</b>	
Cash paid for interest	\$ 404

The accompanying notes are an integral part of these financial statements.



GALESBURG PUBLIC LIBRARY FOUNDATION  
GALESBURG, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:**

Galesburg Public Library Foundation (Foundation), located in Galesburg Illinois, is a not-for-profit corporation established to receive contributions and other support to be used to enhance the services and resources of the Galesburg (Illinois) Public Library and to promote its charitable, educational, and cultural purposes.

**Significant Accounting Policies:**

**Basis of Accounting:** The financial statements of the Foundation are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, support and revenue are recorded when received and expenses are recorded when paid. Modifications to the cash basis of accounting include reporting investments at fair market value.

**Cash and cash equivalents:** Cash and cash equivalents includes currency on hand, demand deposits with banks, money market accounts, repurchase agreements, and certificates of deposits with original maturities of less than three months.

**Investments:** The Department reports investments at their fair value in the Statement of Assets, Liabilities and Net Assets. Unrealized gains and losses are reported in the Statement of Support, Revenue and Expenses.

**Net assets:** The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions may be met by the actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

**Contributions and Grants:** Contributions and grants received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restrictions.

**Donated Assets:** Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of the donation.

**Functional Allocation of Expenses:** The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited based on management's time and service estimates. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income tax matters:** The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar sections of the Illinois Compiled Statutes. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. It has been determined the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Forms 990 filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for the years 2019 and prior.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value Measurements:** The Foundation follows the provisions of ASC 820-10. Under ASC 820-10, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

ASC 820-10 established a fair value hierarchy which categorizes inputs into three levels as follows:

- |         |                                                                                                                                                                                                                                                                        |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Values are unadjusted quoted prices for identical assets or liabilities in active markets accessible at the measurement date.                                                                                                                                          |
| Level 2 | Inputs included quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. |

Level 3 Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization’s best estimate of what hypothetical market participants would use to determine a transaction price for the assets or liability at the reporting date.

**Concentration of Credit Risks:** Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash and investments. The Foundation maintains its cash in bank deposit accounts which are federally insured by the Federal Deposit Insurance Corporation (FDIC). To minimize the risk, the Foundation may use several banks to ensure that the FDIC insured limits are not exceeded. The Foundation does not have a deposit policy for custodial credit risk. At December 31, 2023, \$211,176 of the Foundation’s bank balance of \$501,200 was exposed to custodial credit risk.

Investments held by broker in customer accounts are protected against physical loss by the Securities Investor Protections Corporation (SPIC). Cash equivalents, and other securities, and limited amounts of cash held in brokerage accounts are protected up to \$500,000 for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances. The SPIC Insurance does not protect against market losses on investments. All investments held in brokerage accounts by the Foundation at December 31, 2023 are highly liquid. Though market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for a long-term welfare of the Foundation.

**Subsequent events:** The Organization has evaluated subsequent events through May 24, 2024 the date on which the financial statements were available to be issued.

**NOTE 2 – DONOR RESTRICTED NET ASSETS**

Net assets with restrictions as of December 31, 2023 are as follows:

Children’s Room	- restricted for improvements, furnishing, books, etc. to the children and youth section of the library.	\$	39,965
Large Print	- restricted for purchases of large print books and media.		28,817
Archive	- restricted for expenses related to local history collections.		119,461
Music	- restricted for improvements, furnishings, books, records, etc. to the youth and adult music section of the library.		154,235
Story Time Garden	- restricted to improvements and maintenance of the Story Time Garden section of the library.		16,682
Scholarship	- restricted to assistance of the Galesburg Library employees attaining a master’s degree in library and information studies.		122,711
Wanda Robbins	- restricted to expenditures to combat illiteracy in Galesburg and surrounding area.		258,247
Sue Phlamm	- restricted to promotion, staffing, expanding, and maintaining the children’s section of the library.		282,814
Building Fund	- restricted to expenditures for the construction of a new library		11,028
			11,028
	Total	\$	1,033,960

### NOTE 3 – LIQUIDITY AND AVAILABILITY

At December 31, 2023, the Foundation had \$2,676,318 financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Assets, Liabilities and Net Assets, that can be used to pay general expenditures.

The Foundation manages its cash available to meet general expenditures following the two principles: 1) Operating within a prudent range of financial soundness and stability, and 2) Maintaining adequate liquid assets meet general operating expenditures for at least one year. The Foundation estimates \$83,000 to be used for general expenses in the year ended December 31, 2023.

### NOTE 4 – INVESTMENTS

Investments held at December 31, 2023 are summarized as follows:

	Fair Market Value Quotes Price in Active Markets (Level 1)	Cost
Beneficial interest in endowment fund	\$ 16,682	\$ 16,682
Money market accounts	82,700	82,700
Mutual funds	1,744,257	1,680,876
Stocks	374,837	262,285
Total investments	<u>\$ 2,218,476</u>	<u>\$ 2,042,543</u>

Investment return is comprised of the following:

Interest and dividends	\$ 79,117
Realized gains and (losses)	44,934
Unrealized gains and (losses)	<u>140,796</u>
Total	<u>\$ 264,847</u>

### NOTE 5 – LOAN RECEIVABLE

On July 1, 2019, the Foundation entered into a loan agreement with the Galesburg Public Library Board, which the Foundation loaned \$3,000,000 to the Galesburg Public Library Board. The loan is for twelve months with an interest rate of 3.75%, payable semi-annually, with the principal payable July 1, 2021. During 2022, \$2,000,000 was repaid and the remaining \$1,000,000 was rolled into a new loan receivable maturing July 1, 2024, with an interest rate of 2.26% due semi-annually. The purpose of the loan is to enable the Galesburg Public Library Board to maintain funds to set aside in a special account for local match required by the Illinois Public Library Construction Grant, should the grant funds be appropriated by the Illinois Legislature. Interest received on the loan for the year ending December 31, 2023 was \$23,653.